

ARTICLE VI. CONDITIONS TO CLOSING

6.1 Conditions to Transferee's Obligations. The obligation of Transferee to consummate the transactions provided for by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by Transferee except for the conditions set forth in subsection (c) (as to Consents of Governmental Authorities) of this Section 6.1:

(a) Representations and Warranties. Each of the representations and warranties of Transferor and Parent made in Section 5.1 and Section 5.3, respectively, of this Agreement shall be true and correct in all material respects both on the date hereof and as of the Closing Date as though made at such time.

(b) Covenants. Each of Transferor and Parent shall have performed and complied with all covenants and agreements required to be performed or complied with by it at or prior to the Closing Date.

(c) Consents. All Consents of Governmental Authorities and third parties described in Sections 1.5, 5.1(f) and 9.3 and necessary to consummate the transactions contemplated hereunder shall have been obtained and satisfied.

(d) No Proceeding or Litigation. No litigation, action, suit, investigation, claim or proceeding challenging the legality of, or seeking to restrain, prohibit or materially modify, the transactions provided for in this Agreement shall have been instituted and not settled or otherwise terminated.

(e) Certificate of Transferor and Parent. At the Closing, each of Transferor and Parent shall have delivered to Transferee a certificate (the "Officer's Certificate") signed by that party's President or a Vice President, and dated the Closing Date, to the effect that to the best of the knowledge of such officer the conditions specified in Sections 6.1(a), (b), (c) and (d) have been fulfilled.

(f) Certificate; Documents. Transferor, Parent and the other Persons shall have delivered the certificates and other documents required by Sections 4.2, 4.4 and 4.5.

6.2 Conditions to Transferor's Obligations. The obligations of Transferor to consummate the transactions provided for by this Agreement are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by Transferor except for the conditions set forth in subsection (c) of this Section 6.2:

(a) Representations and Warranties. Each of the representations and warranties of Transferee and Parent made in Section 5.2 and Section 5.3, respectively, of this Agreement shall be true and correct in all material respects both on the date hereof and as of the Closing Date as though made at such time.

(b) Covenants. Transferee and Parent shall have performed and complied with all covenants and agreements required to be performed or complied with by it at or prior to the Closing Date.

(c) Consents. All Consents of Governmental Authorities, including those described in Section 1.5, 5.1(f) and 9.3, necessary to consummate the transactions contemplated hereunder shall have been obtained.

(d) No Proceeding or Litigation. No litigation, action, suit, investigation, Claim or proceeding challenging the legality of, or seeking to restrain, prohibit or materially modify, the transactions provided for in this Agreement shall have been instituted and not settled or otherwise terminated.

(e) Certificate of Transferee and Parent. At the Closing, each of Parent and Transferee shall have delivered to Transferor an Officer's Certificate signed by the President or a Vice President of such party, and dated the Closing Date, to the effect that to the best of the knowledge of such officer the conditions specified in Sections 6.2(a), (b), (c) and (d) have been fulfilled.

(f) Certificates; Documents. Transferee, Parent and the other Persons shall have delivered the certificates and other documents required by Sections 4.3, 4.4 and 4.5.

6.3 Conditions to Parent's Obligations. The obligations of Parent to consummate the transactions provided for by this Agreement are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by Parent except for the conditions set forth in subsection(c) of this Section 6.3:

(a) Representations and Warranties. Each of the representations and warranties of Transferor and Transferee made in Section 5.1 and Section 5.2, respectively, of this Agreement shall be true and correct in all material respects both on the date hereof and as of the Closing Date as though made at such time.

(b) Covenants. Transferee and Transferor shall have performed and complied with all covenants and agreements required to be performed or complied with by it at or prior to the Closing Date.

(c) Consents. All Consents of Governmental Authorities, including those described in Sections 1.5, 5.1(f) and 9.3, necessary to consummate the transactions contemplated hereunder shall have been obtained.

(d) No Proceeding or Litigation. No litigation, action, suit, investigation, Claim or proceeding challenging the legality of, or seeking to restrain, prohibit or materially modify, the transactions provided for in this Agreement shall have been instituted and not settled or otherwise terminated.

(e) Certificate of Transferee and Transferor. At the Closing, each of Transferor and Transferee shall have delivered to Parent an Officer's Certificate signed by the President or a Vice President of such party, and dated the Closing Date, to the effect that to the best of the knowledge of such officer the conditions specified in Section 6.3(a), (b), (c) and (d) have been fulfilled.

(f) Certificates; Documents. Transferee, Transferor and the other Persons shall have delivered the certificates and other documents required by Sections 4.2, 4.3 and 4.5.

ARTICLE VII. COVENANTS OF TRANSFEROR

7.1 Conduct of Business. During the period from the date hereof through the Closing Date, Transferor shall conduct the Business at the Facilities and operate the Acquired Assets diligently and in the ordinary and normal course and consistent with past practice (including, without limitation, using its best efforts to preserve beneficial relationships between Transferor and its distributors, agents, lessors, suppliers and customers) and continue normal maintenance, marketing, advertising, distributional and promotional expenditures in connection with the Business that is conducted at the Facilities. Transferor shall engage in no transactions in connection with the Business that is conducted at the Facilities or the Acquired Assets, including transactions relating to the purchase or sale of goods, raw materials, inventories or other operating or production items, intracorporate or otherwise, with any of its Affiliates from the date hereof until the Closing other than (a) transactions approved by Transferee; or (b) transactions on terms no more favorable to Transferor or its Affiliates than would have been obtainable in arm's-length dealing.

ARTICLE VIII. COVENANTS OF TRANSFEE

8.1 Maintenance of, and Access to, Records. From and after the Closing, Transferee shall, whenever reasonably requested by Transferor, permit Transferor to have access to such Business Records turned over to Transferee pursuant to this Agreement as may be required by Transferor in connection with any audit or investigation by any Governmental Authority, or any matter relating to insurance coverage or third party Claims, in each such case to the extent relating to the operation of the Business at the Facilities by Transferor prior to the Closing. Transferee shall preserve and maintain the records relating to the Business that is conducted at the Facilities which are part of the Acquired Assets for at least three years after the Closing Date.

8.2 Closing. Each of Transferee and Transferor and Parent, as applicable, shall use its best efforts to cause the conditions set forth in Sections 6.1, 6.2 and 6.3 to be satisfied by the Closing Date.

ARTICLE IX. CERTAIN ADDITIONAL COVENANTS

9.1 Expenses; Transfer Taxes. Each party hereto will bear the legal, accounting and other expenses incurred by such party in connection with the negotiation, preparation and execution of this Agreement, the Transaction Documents, and the transactions contemplated hereby. All sales, transfer, recordation and documentary Taxes and fees which may be payable in connection with the transactions contemplated by this Agreement shall be borne by Transferor.

9.2 Bulk Transfer Laws. Transferee hereby waives compliance by Transferor with the laws of any jurisdiction relating to bulk transfers which may be applicable in connection with the transfer of the Acquired Assets to Transferee.

9.3 Regulatory Approvals. Transferor will, and will cause its appropriate Affiliates to, and Transferee will, use, in each case, its best efforts to obtain any authorizations, consents, orders and approvals of any Governmental Authority necessary for the performance of its respective obligations pursuant to this Agreement and any of the other Transaction Documents,

and the consummation of the transactions contemplated hereby and thereby, and will cooperate fully with each other in all reasonable respects in promptly seeking to obtain such authorizations, consents, orders and approvals.

9.4 Employee Matters. Transferor shall retain all liabilities and obligations in respect of its past, present and future employees under the Employee Plans and applicable Laws.

ARTICLE X. TERMINATION

10.1 Termination. This Agreement and the transactions contemplated hereby may be terminated at any time prior to the Closing (any such date upon which this Agreement is terminated pursuant to this Article X shall be referred to herein as the "Termination Date"):

(a) Mutual Consent. By mutual written consent of Parent, Transferor and Transferee;

(b) Court Order. By Transferor, Transferee or Parent if consummation of the transactions contemplated hereby shall violate any non-appealable final order, decree or judgment of any court or Governmental Authority having competent jurisdiction;

(c) Transferee's Conditions. By Transferee, if any condition precedent to Transferee's obligation to effect the Closing as set forth in Section 6.1 is not satisfied, or shall have become incapable of fulfillment, and such condition is not waived, if waivable, by Transferee on or prior to the Termination Date; and

(d) Transferor's Conditions. By Transferor, if any condition precedent to Transferor's obligation to effect the Closing as set forth in Section 6.2 is not satisfied, or shall have become incapable of fulfillment, and such condition is not waived, if waivable, by Transferor on or prior to the Termination Date.

(e) Parent's Conditions. By Parent, if any condition precedent to Parent's obligation to effect the Closing as set forth in Section 6.3 is not satisfied, or shall have become incapable of fulfillment, and such condition is not waived, if waivable, by Parent on or prior to the Termination Date.

10.2 Effect of Termination. If this Agreement is terminated pursuant to Section 10.1, written notice thereof shall forthwith be given to the other party and this Agreement shall thereafter become void and have no further force and effect and all further obligations of Transferor and Transferee under this Agreement shall terminate without further liability of Transferor or Transferee.

ARTICLE XI. INDEMNIFICATION

11.1 Indemnification by Transferee.

(a) General. From and after the Closing, Transferee shall indemnify, defend and hold each of Transferor and Parent, their respective Affiliates, and their respective directors, officers, representatives, employees and agents, as the case may be, harmless from and against

any and all claims, actions, suits, demands, assessments, judgments, losses, liabilities, damages, costs and expenses (including, without limitation, interest, penalties, attorneys' fees to the extent permitted by law, and accounting fees and investigation costs) (collectively, "Liabilities") that may be incurred by Transferor or Parent, as the case may be, resulting or arising from or related to, or incurred in connection with: (a) the failure of Transferee to assume, pay, perform and discharge the Assumed Liabilities, and (b) any breach of any representation, warranty, covenant, obligation or agreement of Transferee contained herein or in any other Transaction Document.

(b) Environmental Indemnification. Transferee agrees to indemnify, defend, reimburse and hold harmless Transferor and Parent, their respective Affiliates and their respective directors, officers, representatives, employees and agents, as the case may be, from and against any and all Assumed Environmental Liabilities. This obligation to indemnify shall include, but not be limited to, the expense of defending all Claims, suits and administrative proceedings (with counsel reasonably approved by the indemnified parties), even if such Claims, suits or proceedings are groundless, false or fraudulent, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified Persons; provided, however, that Transferee will be entitled to control any clean-up or remediation, and any related proceeding, and, except as provided in the following sentence, any other proceeding with respect to which indemnity may be sought under this Section. The procedures described in Section 11.3 shall apply to any Claim solely for monetary damages relating to a matter covered by this Section.

11.2 Indemnification by Transferor.

(a) General. From and after the Closing, Transferor shall indemnify, defend and hold Transferee and Parent, their respective Affiliates, and their respective directors, officers, representatives, employees and agents, as the case may be, harmless from and against any and all Liabilities that may be incurred by Transferee or Parent, as the case may be, resulting or arising from, related to or incurred in connection with: (i) the failure of Transferor to assume, pay, perform and discharge the Retained Liabilities and (ii) any breach of any representation, warranty, covenant, obligation or agreement of Transferor contained herein or in any other Transaction Document.

(b) Environmental Indemnification. Transferor agrees to indemnify, defend, reimburse and hold harmless Transferee and Parent, their respective Affiliates and their respective directors, officers, representatives, employees and agents, as the case may be, from and against any and all Non-Assumed Environmental Liabilities. This obligation to indemnify shall include, but not be limited to, the expense of defending all Claims, suits and administrative proceedings (with counsel reasonably approved by the indemnified parties), even if such Claims, suits or proceedings are groundless, false or fraudulent, and paying and discharging, when and as the same become due, any and all judgments, penalties or other sums due against such indemnified Persons; provided, however, that Transferor will be entitled to control any clean-up or remediation, and any related proceeding, and, except as provided in the following sentence, any other proceeding with respect to which indemnity may be sought under this Section. The procedures described in Section 11.3 shall apply to any Claim solely for monetary damages relating to a matter covered by this Section.

11.3 Notice of Claim; Right to Participate in and Defend Third Party Claim.

(a) If any indemnified party receives notice of the assertion of any Claim, the commencement of any suit, action or proceeding, or the imposition of any penalty or assessment by a third party in respect of which indemnity may be sought hereunder (a "Third Party Claim"), and the indemnified party intends to seek indemnity hereunder, then the indemnified party shall promptly provide the indemnifying party with prompt written notice of the Third Party Claim, but in any event not later than 30 calendar days after receipt of such notice of Third Party Claim. The failure by an indemnified party to notify an indemnifying party of a Third Party Claim shall not relieve the indemnifying party of any indemnification responsibility under this Article XI, unless such failure materially prejudices the ability of the indemnifying party to defend such Third Party Claim.

(b) The indemnifying party shall have the right to control the defense, compromise or settlement of the Third Party Claim with its own counsel (reasonably satisfactory to the indemnified party) if the indemnifying party delivers written notice to the indemnified party within seven days following the indemnifying party's receipt of notice of the Third Party Claim from the indemnified party acknowledging its obligations to indemnify the indemnified party with respect to such Third Party Claim in accordance with this Article XI, and establishes security in form and substance reasonably satisfactory to the indemnified party to secure the indemnifying party's obligations under this Article XI with respect to such Third Party Claim; provided, however, that the indemnifying party shall not enter into any settlement of any Third Party Claim which would impose or create any obligation or any financial or other liability on the part of the indemnified party if such liability or obligation (i) requires more than the payment of a liquidated sum, or (ii) is not covered by the indemnification provided to the indemnified party hereunder. In its defense, compromise or settlement of any Third Party Claim, the indemnifying party shall timely provide the indemnified party with such information with respect to such defense, compromise or settlement as the indemnified party shall request, and shall not assume any position or take any action that would impose an obligation of any kind on, or restrict the actions of, the indemnified party. The indemnified party shall be entitled (at the indemnified party's expense) to participate in the defense by the indemnifying party of any Third Party Claim with its own counsel.

(c) In the event that the indemnifying party does not undertake the defense, compromise or settlement of a Third Party Claim in accordance with subsection (b) of this Section 11.3, the indemnified party shall have the right to control the defense or settlement of such Third Party Claim with counsel of its choosing; provided, however, that the indemnified party shall not settle or compromise any Third Party Claim without the indemnifying party's prior written consent, unless (i) the terms of such settlement or compromise release the indemnified party or the indemnifying party from any and all liability with respect to the Third Party Claim, or (ii) the indemnifying party shall not have acknowledged its obligations to indemnify the indemnified party with respect to such Third Party Claim in accordance with this Article XI and established security in form and substance reasonably satisfactory to the indemnified party to secure the indemnifying party's obligations under this Article XI with respect to such Third Party Claim. The indemnifying party shall be entitled (at the indemnifying party's expense) to participate in the defense of any Third Party Claim with its own counsel.

(d) Any indemnifiable Claim hereunder that is not a Third Party Claim shall be asserted by the indemnified party by promptly delivering notice thereof to the indemnifying party. If the indemnifying party does not respond to such notice within 60 days after its receipt, it shall have no further right to contest the validity of such Claim.

11.4 Time Limitations on Claims for Indemnification. The right of Transferee, Transferor or Parent to indemnification for any breach of any representation or warranty shall apply only to those claims for indemnification which are given pursuant to this Agreement on or before the date which is five years following the Closing Date.

ARTICLE XII. MISCELLANEOUS

12.1 Amendments. This Agreement may be amended only by a writing executed by each of the parties hereto.

12.2 Entire Agreement. This Agreement and the other agreements expressly provided for herein, set forth the entire understanding of the parties hereto with respect to the subject matter hereof, and supersede all prior contracts, agreements, arrangements, communications, discussions, representations and warranties, whether oral or written, between the parties.

12.3 Governing Law. This Agreement shall in all respects be governed by and construed in accordance with the laws of the State of Illinois, without regard to its conflicts of law doctrine.

12.4 Notices. Any notice, request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (a) when received if personally delivered, (b) within 5 days after being sent by registered or certified mail, return receipt requested, postage prepaid, (c) within 12 hours after being sent by telecopy, with confirmed answerback, or (d) within 1 business day of being sent by priority delivery by established overnight courier, in each case to the address set forth below.

If to Transferor, at:

Union Electric Company
1901 Chouteau Avenue
St. Louis, Missouri 63103
Attention: Vice President

If to Transferee, at:

Central Illinois Public Service Company
607 East Adams Street
Springfield, Illinois 62739
Attention: Vice President

If to Parent, at:

Ameren Corporation

1901 Chouteau Avenue
St. Louis, Missouri 63103
Attention: President

Any party by written notice to the other given in accordance with this Section 12.4 may change the address or the contact to whom notices or copies thereof shall be directed.

12.5 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together will constitute one and the same instrument.

12.6 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each party hereto, but no rights, obligations or liabilities hereunder shall be assignable by either party without the prior written consent of the other party.

12.7 Waivers. Except as otherwise provided herein, Parent, Transferee or Transferor (acting on behalf of itself and its appropriate Affiliates), may waive in writing compliance by any of the other party hereto (to the extent such compliance is for the benefit of the party giving such waiver) with any of the terms, covenants or conditions contained in this Agreement or in any of the other Transaction Documents (except such as may be imposed by law). Any waiver by either party of any violation of, breach of, or default under, any provision of this Agreement or any of the other Transaction Documents, by the other party shall not be construed as, or constitute, a continuing waiver of such provision, or waiver of any other violation of, breach of or default under any other provision of this Agreement or any of the other Transaction Documents.

12.8 Third Parties. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person or entity other than Parent, Transferee and Transferor any rights or remedies under or by reason of this Agreement.

12.9 Schedules, Addenda and Exhibits. The Schedule, Addenda and Exhibits attached to this Agreement are incorporated herein and shall be part of this Agreement for all purposes.

12.10 Headings. The headings in this Agreement are solely for convenience of reference and shall not be given any effect in the construction or interpretation of this Agreement.

12.11 Certain Definitions. For purposes of this Agreement, (a) the term "Affiliate" shall mean any Person that directly, or indirectly through one or more Persons, controls, is controlled by, or is under common control with, the Person specified or, directly or indirectly, is related to or otherwise associated with any such Person or entity and (b) references to an "Account" that are followed by a three-digit number shall mean Transferor's accounting entries identified by the applicable number.

12.12 Remedies Not Exclusive. No remedy conferred by any of the specific provisions of this Agreement is intended to be exclusive of any other remedy and each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or hereafter existing at law or in equity or by statute or otherwise. No remedy shall be deemed to be a limitation on the amount or measure of damages resulting from any breach of this Agreement. The election of

any one or more remedies shall not constitute a waiver of the right to pursue other available remedies.

12.13 Gender and Number. The masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others whenever the context so indicates.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first above written.

**UNION ELECTRIC COMPANY d/b/a
AMEREN UE, a Missouri corporation**

By: _____
Print Name:
Title:

**CENTRAL ILLINOIS PUBLIC SERVICE
COMPANY d/b/a AMEREN CIPS, an Illinois
corporation**

By: _____
Print Name:
Title:

**AMEREN CORPORATION, a Missouri
corporation**

By: _____
Print Name:
Title:

PROMISSORY NOTE

\$ _____

_____, 2000
St. Louis, Missouri

FOR VALUE RECEIVED, the undersigned, **Central Illinois Public Service Company** d/b/a AmerenCIPS (the "**Maker**"), promises to pay to the order of **Union Electric Company**, d/b/a/ AmerenUE (the "**Payee**"), in lawful money of the United States of America, in immediately available funds at the principal business address of the Payee, 1901 Chouteau Avenue, St. Louis, Missouri 63103, or at such other location as the Payee may designate from time to time in writing, the principal amount of \$ _____ (subject to adjustment as provided in the Asset Transfer Agreement hereinafter referred to), together with interest thereon as provided in this Note at a rate per annum (computed on the basis of a 360-day year consisting of twelve 30 day months) equal to _____ percent (____%), payable as provided herein; provided that the final payment of principal and interest hereon shall be due not later than _____.

Payments of principal and interest on this Note shall be made in accordance with Schedule I to this Note attached hereto and subject to the attached statement of subordination.

This Note is the Note referred to in and executed and delivered pursuant to the Asset Transfer Agreement of even date by and among the Maker as Transferee, the Payee as Transferor and Ameren Corporation (the "Asset Transfer Agreement").

Upon receiving the prior written consent of the Payee, the Maker shall have the right to prepay the principal amount of this Note, in whole or in part, without premium or penalty. All partial prepayments shall be applied first to accrued interest under this Note and then to principal installments in the reverse order of their maturity.

The Maker shall be in default under this Note upon the occurrence of any of the following events of default (an "Event of Default"):

- (a) default in the payment of any installment of the principal or interest on this Note, which default, continues unremedied for a period of ten days after notice of default shall have been received by the Maker from the Payee;
- (b) the Maker fails to make any payment in respect of any indebtedness or contingent obligation having an aggregate principal amount of more than \$5,000,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure;
- (c) any breach of the provisions under the Asset Transfer Agreement, subject to any periods of cure thereunder, by the Maker; and
- (d) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Maker

or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership, or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Maker or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered.

Upon the occurrence of an Event of Default, and at any time thereafter as long as such Event of Default shall be continuing, the Payee may declare all liabilities and obligations of the Maker to the Payee immediately due and payable and the same shall thereupon become immediately due and payable without any further action on the part of the Payee.

This Note shall not be assigned by the Maker without the prior written consent of the Payee. This Note shall bind the Maker and its successors and assigns, and the benefits hereof shall inure to the benefit of the Payee and its successors and assigns. All references herein to the "Maker" and "Payee" shall be deemed to apply to the Maker and the Payee, respectively, and to their respective successors and assigns.

The Maker (and the endorser, guarantor or surety hereof) hereby waives presentment, demand, protest and notice of any kind. No failure to exercise and no delay in exercising any rights hereunder on the part of the Payee shall operate as a waiver of such rights.

The validity, interpretation and enforcement of this Note shall be governed by the laws of the State of Illinois without giving effect to the conflict of laws principles thereof.

IN WITNESS WHEREOF, the Maker has caused this Note to be executed and delivered by the Maker's duly authorized person as of the date first set forth above.

CENTRAL ILLINOIS PUBLIC SERVICE
COMPANY, d/b/a AMERENCIPS

By: _____

SCHEDULE I

SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS ON PROMISSORY NOTE

Payments of principal are due on _____ of each year. Payments of interest are due on _____, _____, _____, and _____ of each year commencing _____, 200_. Amounts payable are subject to adjustment as provided in the Note and the Asset Transfer Agreement dated as of _____, 2000.

[illegible]

STATEMENT OF SUBORDINATION

The indebtedness evidenced by this Note shall be subordinate and junior to any and all indebtedness (hereafter referred to as "Senior Debt") of Maker, now existing or hereafter incurred, in respect of (i) borrowings (including renewals and extensions thereof) from any one or more banks, insurance companies, pension or profit sharing trusts, or other financial institutions whether secured or unsecured, and (ii) all other borrowings incurred, assumed or guaranteed by Maker, at any time, before or after the date of this Note, evidenced by a note, debenture, bond or other similar instrument (including capitalized lease and purchase money obligations, and/or for the acquisition (whether by way of purchase, merger or otherwise) of any business, real property or other assets (except assets acquired in the ordinary course of business) but excluding obligations other than for borrowed money including trade payables and other obligations to general creditors), except indebtedness which, by its terms or the terms of the instrument creating or evidencing it, provides that such indebtedness is not superior in right of payment to the payment of principal of or any interest on this Note, or that such indebtedness is subordinated to all other indebtedness of the Maker. Notwithstanding any other provision of this Note, "Senior Debt" shall include refinancings, renewals, extensions or refundings of the indebtedness described in clauses (i) and (ii) above. "Subordinate and junior" as used herein shall mean that in the event of:

- (a) any default in, or violation of, the terms or covenants of any Senior Debt, including, without limitation, any default in payment of principal of, or premium, if any, or interest on, any Senior Debt whenever due (whether by acceleration of maturity or otherwise), and during the continuance thereof, or
- (b) the institution of any liquidation, dissolution, bankruptcy, insolvency, reorganization or similar proceeding relating to Maker, its property or its creditors as such,

the holder of this Note shall not be entitled to receive any payment of principal of, or premium, if any, or interest on, this Note until all amounts owing in respect of Senior Debt (matured and unmatured) shall have been paid in full; and from and after the happening of any event described in clause (c) of this paragraph, all payments and distributions of any kind or character (whether in cash, securities or property) which, except for the subordination provisions hereof, would have been payable or distributable to the holder of this Note (whether directly or by reason of this Note's being superior to any other indebtedness), shall be made to and for the benefit of the holders of Senior Debt (who shall be entitled to make all necessary claims therefor) in accordance with the priorities of payment thereof until all Senior Debt (matured and unmatured) shall have been paid in full. Upon the happening of any event described in clauses (a) or (b) of this paragraph, all Senior Debt shall (at the option of the holder thereof and subject to the terms thereof) become immediately due and payable in full. No act or failure to act on the part of Maker, and no default under or breach of any agreement of Maker, whether or not herein set forth, shall in any way prevent or limit the holder of any Senior Debt from enforcing fully the subordination herein provided for, irrespective of any knowledge or notice which such holder may at any time have or be charged with. So long as any Senior Debt shall be outstanding, Maker shall not, without the prior written consent of all holders thereof except as may be

otherwise agreed to by such holders in such instruments, (i) pay any amount in respect of principal of this Note prior to the stated maturity thereof or purchase or redeem this Note in whole or in part, except as may be otherwise expressly required herein or (ii) alter or amend any of the terms of this paragraph. Maker and the holder hereof agree not to alter, amend or waive any of the terms of this Note or any right in respect thereto in any manner which might adversely affect the holders of Senior Debt without the prior written consent of all such holders except as may be otherwise agreed to by such holders in such instruments. Without limiting the above, any alteration, amendment or waiver providing for full or partial payment, purchase or redemption hereof, by Maker at any time other than as originally set forth herein, shall be deemed to adversely affect the holders of Senior Debt. Anything hereinabove to the contrary notwithstanding, in the event that any payment or distribution is made with respect to the indebtedness evidenced by this Note in violation of the terms hereof, any holder hereof receiving such payment or distribution shall hold it in trust for the benefit of, and shall remit it to, the holders of Senior Debt then outstanding in accordance with the priorities of payment thereof. The provisions of this paragraph are solely for the purpose of defining the relative rights of the holders of Senior Debt on the one hand, and the holder of this Note on the other hand, and nothing herein shall impair, as between Maker and the holder of this Note, the obligation of Maker, which is unconditional and absolute, to pay to the holder hereof the principal hereof, and the premium, if any, and interest hereon, in accordance with the terms hereof nor shall anything herein prevent the holder of this Note from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the rights, if any, under this paragraph of holders of Senior Debt. Any instrument defining the terms of any Senior Debt may include subordination provisions in respect of this Note and, in such case, in the event of any inconsistency between the terms of the subordination provisions of such Senior Debt instrument and the subordination provisions herein, the terms of the subordination provisions of such Senior Debt instrument shall govern.

This statement of subordination is hereby made a part of the attached Note as if set forth in full therein.

PRELIMINARY LISTING OF ELECTRIC ASSETS AND LIABILITIES BEING
TRANSFERRED FROM UNION ELECTRIC COMPANY TO CENTRAL ILLINOIS
PUBLIC SERVICE COMPANY

Union Electric Company (AmerenUE) is transferring Illinois electric service territory to Central Illinois Public Service Company.

1. All real and personal property located in the State of Illinois owned by AmerenUE (including plant in service and construction work in progress) used in the transmission and distribution of electricity. Excluded from the transfer are the Venice-St. Louis submarine cables and certain equipment located at the Venice Plant Switchyard assigned to production, mainly the Generator Step-up transformers. All production facilities at the Venice Plant and Keokuk Plant flowage land are excluded. The cost of these assets are recorded in Accounts 101, and 107 of the Uniform System of Accounts and the related accumulated provision for depreciation and amortization are recorded in Accounts 108, and 111.
2. All non-utility real property located in the State of Illinois, excluding real and personal property located at the Venice Power Plant site. The cost of these assets are recorded in Account 121 of the Uniform System of Accounts. There is no related accumulated provision for depreciation and amortization.
3. Working funds recorded in Account 135, consisting of petty cash maintained at the East. St. Louis office.
4. Accounts Receivable of Illinois electric customers recorded in Account 142.
5. The provision for uncollectible accounts associated with accounts receivable being transferred to AmerenCIPS (paragraph 4 above).
6. Plant materials and operating supplies located at the Alton Storeroom and truck stock recorded in Account 154.
7. An allocation of undistributed stores expense recorded in Account 163, associated with the plant materials and operating supplies being transferred to AmerenCIPS. The allocation was based on the proportionate share of activity expensed in the first eight months of 2000.
8. Accrued Illinois electric revenues for service not billed at the time of transfer recorded in Account 173.
9. AFUDC temporary differences due to FAS 109 recorded in Account 182.
10. Amounts collected for environmental cleanup recorded in Account 186.

11. Accumulated deferred income taxes recorded in Account 190, for the income taxes related to unamortized Investment Tax Credit being transferred to AmerenCIPS.
12. Accrued payroll payable recorded in Account 232.
13. Customer deposits related to Illinois electric customers recorded in Account 235.
14. Accrued vacation liability for electric employees recorded in Account 242.
15. Customer Advances recorded in Account 252.
16. Unamortized investment credit and Federal excess taxes - depreciation both recorded in Account 254.
17. Unamortized Deferred Investment Tax Credits recorded in Account 255, related to the plant assets being transferred to AmerenCIPS.
18. Accumulated Deferred Income Taxes recorded in Account 282 related to the plant being transferred to AmerenCIPS.

The following schedules provide more detailed listings of the assets identified above:

Schedule 1 lists the asset and liability accounts being transferred to AmerenCIPS by ICC Account. The value shown in this and other schedules are the amounts estimated for AmerenUE books at December 31, 2000.

Schedule 2 lists the amounts being transferred to AmerenCIPS recorded in accounts 101, 107, 108, and 111 by function (paragraph 1 above).

Schedule 3 consists of a listing of the plant material and operating supply amounts being transferred to AmerenCIPS by works headquarters.

**Appendix C - Electric
Schedule 1**

**Preliminary Accounting Entries for Transfer of Electric Assets and Liabilities
from Union Electric Company to
Central Illinois Public Service Company
Estimated at December 31, 2000**

<u>Preliminary Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
102	Utility Plant Purchased or Sold	\$91,013,179	
101	Electric Plant in Service		\$226,265,148
121	Non-Utility Property		16,199
107	Construction Work in Progress		95,293
108	Accumulated Provision for Depreciation	134,543,688	
111	Accumulated Provision for Amortization	708,281	
135	Working funds		10,900
142	Accounts receivable		9,180,000
144	Provision for Uncollectible Accounts	324,000	
154	Plant materials and operating supplies		116,823
163	Undistributed stores expense	4,518	
173	Accrued electric and revenues		5,912,000
182	Regulatory Asset FAS 109		6,692,000
186	Environmental adjustment clause	2,779	
190	Accumulated deferred income taxes		2,183,000
232	Payroll Payable	128,091	
235	Customer Deposits	719,048	
242	Accrued Vacation Liability	383,853	
252	Customer Advances	575,000	
254	Other Regulatory Liabilities	2,399,000	
255	Accumulated deferred Investment Tax Credit	1,574,000	
282	Accumulated deferred income taxes-other property	18,071,000	
145	Notes receivable	12,463	
216	Retained Earnings	12,463	
	Balance	<u>\$250,471,363</u>	<u>\$250,471,363</u>

To clear Account 102, Electric Plant Purchased or Sold, and charge
Account 145, Note Receivable from Associated Companies for the assets
and liabilities transferred to AmerenCIPS.

216	Retained Earnings	\$45,506,590	
145	Notes receivable	45,506,590	
102	Utility Plant Purchased or Sold		\$91,013,179

The total effect on notes receivable and retained earnings is shown below

145	Notes receivable	45,519,052
216	Retained Earnings	45,519,052

**Appendix C - Electric
Schedule 2**

Union Electric Company
Electric Utility Plant
Estimated at December 31, 2000

<u>Plant Category</u>	<u>Account 101</u>	<u>Account 107</u>	<u>Accounts 108 & 111</u>	
	<u>Estimated</u>	<u>Construction</u>	<u>Accumulated</u>	<u>Net Plant</u>
	<u>Electric Plant</u>	<u>Work in Progress</u>	<u>Amortization &</u>	
			<u>Depreciation</u>	
Transmission	\$68,663,188	\$22,474	-\$39,223,963	\$29,461,699
Distribution	145,458,070	50,474	-89,347,535	56,161,009
General	12,143,890	22,345	-6,680,471	5,485,764
Total Electric	226,265,148	95,293	-135,251,969	91,108,472
 <u>Account 121</u>				
	<u>Non-Utility</u>			
	<u>Property</u>			
Non-Utility	16,199			16,199
Total Property and Plant	<u>\$226,281,347</u>	<u>\$95,293</u>	<u>-\$135,251,969</u>	<u>\$91,124,671</u>

Appendix C - Electric
Schedule 3

Union Electric Company
Electric Operating Materials & Supplies
Transferred to
Central Illinois Public Service Company
Estimated at December 31, 2000

<u>Location</u>	<u>Storeroom Number</u>	<u>Balance</u>
Alton	61	\$116,823
East St. Louis	50	<u>\$0</u>
		<u><u>\$116,823</u></u>

PRELIMINARY LISTING OF GAS ASSETS AND LIABILITIES BEING
TRANSFERRED FROM UNION ELECTRIC COMPANY TO CENTRAL ILLINOIS
PUBLIC SERVICE COMPANY

Union Electric Company (AmerenUE) is transferring Illinois gas service territory to Central Illinois Public Service Company.

1. All real and personal property located in the State of Illinois owned by AmerenUE (including plant in service and construction work in progress) used in the production and distribution of natural gas. The cost of these assets are recorded in Accounts 101 and 107 of the Uniform System of Accounts and the related accumulated provision for depreciation is recorded in Account 108.
2. Accounts Receivable of Illinois gas customers recorded in Account 142.
3. The provision for uncollectible accounts associated with accounts receivable being transferred to AmerenCIPS (paragraph 2 above).
4. Fuel stock consisting of propane stored at the Alton Propane Plant recorded in Account 151.
5. Plant materials and operating supplies located at the Alton Storeroom and truck stock recorded in Account 154.
6. Natural gas being held in storage by Mississippi River Transmission Corporation for AmerenUE recorded in Account 164.
7. Accrued Illinois gas revenues for service not billed at the time of transfer recorded in Account 173.
8. AFUDC temporary differences due to FAS 109 recorded in Account 182.
9. Amounts collected for environmental cleanup recorded in Account 186.
10. Accumulated deferred income taxes recorded in Account 190, for the income taxes related to unamortized Investment Tax Credit being transferred to AmerenCIPS.
11. Account payable for the amount of natural gas purchased for resale but not yet paid at the time of transfer to AmerenCIPS recorded in Account 232.
12. Accrued payroll payable recorded in Account 232.
13. Accrued vacation liability for gas employees recorded in Account 242.

14. Unamortized investment credit and Federal excess taxes - depreciation both recorded in Account 254.
15. Environmental cleanup liability at Alton Town Gas Site recorded in Account 253.
16. Unamortized Deferred Investment Tax Credits recorded in Account 255, related to the plant assets being transferred to AmerenCIPS.
17. Accumulated Deferred Income Taxes recorded in Account 282 related to the plant being transferred to AmerenCIPS.

The following schedules provide more detailed listings of the assets identified above:

Schedule 1 lists the asset and liability accounts being transferred to AmerenCIPS by ICC Account. The value shown in this and other schedules are the amounts estimated for AmerenUE books at December 31, 2000.

Schedule 2 lists the amounts being transferred to AmerenCIPS recorded in accounts 101, 107, and 108 by function (paragraph 1 above).

Schedule 3 lists the gas fuel stock being transferred to AmerenCIPS.

Schedule 4 consists of a listing of the plant material and operating supply amounts being transferred to AmerenCIPS by works headquarters.

Appendix C - Gas
Schedule 1

Preliminary Accounting Entries for Transfer of Gas Assets and Liabilities
from Union Electric Company to
Central Illinois Public Service Company
Estimated at December 31, 2000

Preliminary Account Number	Account Description	Debit	Credit
102	Utility Plant Purchased or Sold	\$11,482,383	
101	Gas Plant in Service		\$26,403,709
107	Construction Work in Progress		0
108	Accumulated Provision for Depreciation	14,921,326	
142	Accounts receivable		1,925,000
144	Provision for Uncollectible Accounts	30,000	
151	Propane Fuel Stock		137,928
154	Plant materials and operating supplies		79,893
164	Gas storage		1,214,244
173	Accrued gas revenues		1,392,000
182	Regulatory Asset FAS 109	1,559,710	
186	Environmental adjustment clause	28,907	
190	Accumulated deferred income taxes		121,000
232	Accounts payable--to natural gas supplier	1,413,500	
232	Payroll Payable	18,996	
242	Accrued Vacation Liability	52,034	
253	Environmental cleanup deferred credit	1,900,000	
254	Other Regulatory Liabilities	446,000	
255	Accumulated deferred Investment Tax Credit	278,000	
282	Accumulated deferred income taxes-other property	550,290	
145	Notes receivable		703,686
216	Retained Earnings		703,686
	Balance	<u>\$32,681,146</u>	<u>\$32,681,146</u>

To clear Account 102, Gas Plant Purchased or Sold, and charge
Account 145, Note Receivable from Associated Companies for the assets
and liabilities transferred to AmerenCIPS.

216	Retained Earnings	\$5,741,192	
145	Notes receivable	5,741,192	
102	Utility Plant Purchased or Sold		\$11,482,383

The total effect on notes receivable and retained earnings is shown below

145	Notes receivable	5,037,505
216	Retained Earnings	5,037,505

**Appendix C - Gas
Schedule 2**

**Union Electric Company
Gas Utility Plant
Estimated at December 31, 2000**

Plant Category	Account 101	Account 107	Accounts 108	Net Plant
	Estimated Gas Plant	Construction Work in Progress	Accumulated Depreciation	
Production	\$815,815		-\$794,189	\$21,626
Distribution	24,675,065	0	-13,442,263	11,232,802
General	912,829		-684,874	227,955
Total Gas	<u>\$26,403,709</u>	<u>\$0</u>	<u>-\$14,921,326</u>	<u>\$11,482,383</u>

Appendix C - Gas
Schedule 3

Union Electric Company
Gas Fuel Stock Transferred to
Central Illinois Public Service Company
Estimated at December 31, 2000

<u>Plant</u>	<u>Propane</u>	<u>Natural Gas</u>	<u>Total</u>
Alton Propane Plant	\$137,928		\$137,928
Stored by Mississippi River Transmission Co.		1,214,244	1,214,244
Total	<u>\$137,928</u>	<u>\$1,214,244</u>	<u>\$1,352,172</u>

Appendix C - Gas
Schedule 4

Union Electric Company
Gas Operating Materials & Supplies
Transferred to
Central Illinois Public Service Company
Estimated at December 31, 2000

<u>Location</u>	<u>Storeroom Number</u>	<u>Balance</u>
Alton	61	\$79,893
East St. Louis	50	<u>\$0</u>
		<u><u>\$79,893</u></u>

PricewaterhouseCoopers LLP
800 Market Street
St. Louis MO 63101
Telephone (314) 206 8500

September 26, 2000

Mr. Warner L. Baxter
Vice President and Controller
Ameren Corporation
1901 Chouteau Avenue
St. Louis, MO 63101

Dear Mr. Baxter:

You have requested, in accordance with Section 16-111(g) of the Illinois Public Utilities Act, that we review the appropriateness of the proposed entries to record the transfer of the Metro East electric transmission and distribution assets and liabilities of Union Electric Company ("UE"), a subsidiary of Ameren Corporation ("Ameren"), to Central Illinois Public Service Company ("CIPS"), another subsidiary of Ameren, to ensure that said entries are in accordance with generally accepted accounting principles.

Description of the Transaction

Management has provided the following facts, circumstances and assumptions to us:

UE is proposing to transfer certain of its Metro East electric transmission and distribution assets and related liabilities contained in the accounts listed in Attachment 1 to this letter to CIPS (the "Transaction"). The Transaction will be accomplished by UE transferring assets and liabilities approximating fifty percent (50%) of the net book value of UE's Metro East electric transmission and distribution assets and liabilities to CIPS in exchange for a promissory note. UE will also declare a dividend payable to Ameren in the form of assets and liabilities approximating fifty percent (50%) of the net book value of UE's Metro East electric transmission and distribution assets and liabilities. Ameren will then transfer those assets and liabilities to CIPS as a capital contribution.

Appropriate Accounting Principles

The American Institute of Certified Public Accountants Accounting Interpretation #39 of Accounting Principles Board Opinion No. 16, "Transfers and Exchanges Between Companies Under Common Control" (AIN-APB16 #39), provides guidance on the appropriate accounting treatment for transfers among companies under common control. As discussed in AIN-APB16 #39, generally accepted accounting principles require that transfers of assets between companies under common control or between a parent and its subsidiaries be valued at historical cost in the separate statements of each entity that is a party to such transfer. These views relate primarily to transfers of net assets (as in a business combination) or long-lived assets. The form of consideration, whether cash or other, does not change the accounting. Further, as discussed in Emerging Issues Task Force 85-21, "Changes of

Mr. Warner L. Baxter
September 26, 2000

Ownership Resulting in a New Basis of Accounting," the Securities and Exchange Commission expressed its concurrence with the accounting prescribed in AIN-APB16 #39.

Concluding Comments

Based upon the transaction facts presented above, the accounting guidance contained in AIN-APB16 #39 should be applied to the Transaction. As discussed above, AIN-APB16 #39 requires that transfers of assets between companies under common control or between a parent and its subsidiaries be accounted for and reported at their historical cost in the separate statements of each entity that is a party to such transfer. We have reviewed the accounting entries to be recorded in the event of the Transaction (dollar values associated with such entries were not reviewed), as provided by UE management, and concluded that such accounting would be in accordance with generally accepted accounting principles. Based on the facts, circumstances and assumptions provided by management relevant to the Transaction, the accounting entries outlined on Attachment 1 to this letter represent the entries that we would expect to be recorded by UE in such a transaction.

The ultimate responsibility for the decision on the appropriate application of generally accepted accounting principles for an actual transaction rests with the preparers of financial statements. Our judgment on the appropriate application of generally accepted accounting principles for the described specific transaction is based solely on the facts provided to us as described above; should these facts and circumstances turn out to be different, our conclusion may change.

Very truly yours,

Pricewaterhouse Coopers LLP

<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
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To record the transfer of the Metro East electric transmission and distribution assets and liabilities to Account 102, Electric Plant Purchased or Sold:

102	Electric Plant Purchased or Sold	X	
101	Electric Plant in Service		X
121	Non-Utility Property		X
107	Construction Work in Progress		X
108	Accum Provision for Depreciation	X	
111	Accum Provision for Amortization	X	
135	Working Funds		X
142	Accounts Receivable		X
144	Provision for Uncollectible Accounts	X	
154	Plant Materials and Operating Supplies		X
163	Undistributed Stores Expense	X	
173	Accrued Electric and Gas Revenues		X
182	Regulatory Asset FAS 109		X
186	Environmental Adjustment Clause	X	
190	Accum Deferred Income Taxes		X
232	Payroll Payable	X	
235	Customer Deposits	X	
242	Accrued Vacation Liability	X	
255	Accum Deferred ITC	X	
282	Accum Deferred Income Taxes-Other Property	X	
145	Notes Receivable from Associated Companies	X	
216	Retained Earnings	X	

To clear Account 102, Electric Plant Purchased or Sold, and charge Account 145, Note Receivable from Associated Companies and Account 216, Retained Earnings, for the assets and liabilities transferred.

216	Retained Earnings	X	
145	Notes Receivable from Associated Companies	X	
102	Electric Plant Purchased or Sold		X

The total effect on notes payable and retained earnings is shown below:

145	Notes Receivable from Associated Companies	X	
216	Retained Earnings	X	

PricewaterhouseCoopers LLP
800 Market Street
St. Louis MO 63101
Telephone (314) 206 8500

September 26, 2000

Mr. Warner L. Baxter
Vice President and Controller
Ameren Corporation
1901 Chouteau Avenue
St. Louis, MO 63101

Dear Mr. Baxter:

You have requested, in accordance with Section 16-111(g) of the Illinois Public Utilities Act, that we review the appropriateness of the proposed entries to record the transfer of the Metro East gas assets and liabilities of Union Electric Company ("UE"), a subsidiary of Ameren Corporation ("Ameren"), to Central Illinois Public Service Company ("CIPS"), another subsidiary of Ameren, to ensure that said entries are in accordance with generally accepted accounting principles.

Description of the Transaction

Management has provided the following facts, circumstances and assumptions to us:

UE is proposing to transfer certain of its Metro East gas assets and related liabilities contained in the accounts listed in Attachment 1 to this letter to CIPS (the "Transaction"). The Transaction will be accomplished by UE transferring assets and liabilities approximating fifty percent (50%) of the net book value of UE's Metro East gas assets and liabilities to CIPS in exchange for a promissory note. UE will also declare a dividend payable to Ameren in the form of assets and liabilities approximating fifty percent (50%) of the net book value of UE's Metro East gas assets and liabilities. Ameren will then transfer those assets and liabilities to CIPS as a capital contribution.

Appropriate Accounting Principles

The American Institute of Certified Public Accountants Accounting Interpretation #39 of Accounting Principles Board Opinion No. 16, "Transfers and Exchanges Between Companies Under Common Control" (AIN-APB16 #39), provides guidance on the appropriate accounting treatment for transfers among companies under common control. As discussed in AIN-APB16 #39, generally accepted accounting principles require that transfers of assets between companies under common control or between a parent and its subsidiaries be valued at historical cost in the separate statements of each entity that is a party to such transfer. These views relate primarily to transfers of net assets (as in a business combination) or long-lived assets. The form of consideration, whether cash or other, does not change the accounting. Further, as discussed in Emerging Issues Task Force 85-21, "Changes of Ownership Resulting in a New Basis of Accounting," the Securities and Exchange Commission expressed its concurrence with the accounting prescribed in AIN-APB16 #39.

Mr. Warner L. Baxter
September 26, 2000

Concluding Comments

Based upon the transaction facts presented above, the accounting guidance contained in AIN-APB16 #39 should be applied to the Transaction. As discussed above, AIN-APB16 #39 requires that transfers of assets between companies under common control or between a parent and its subsidiaries be accounted for and reported at their historical cost in the separate statements of each entity that is a party to such transfer. We have reviewed the accounting entries to be recorded in the event of the Transaction (dollar values associated with such entries were not reviewed), as provided by UE management, and concluded that such accounting would be in accordance with generally accepted accounting principles. Based on the facts, circumstances and assumptions provided by management relevant to the Transaction, the accounting entries outlined on Attachment 1 to this letter represent the entries that we would expect to be recorded by UE in such a transaction.

The ultimate responsibility for the decision on the appropriate application of generally accepted accounting principles for an actual transaction rests with the preparers of financial statements. Our judgment on the appropriate application of generally accepted accounting principles for the described specific transaction is based solely on the facts provided to us as described above; should these facts and circumstances turn out to be different, our conclusion may change.

Very truly yours,

Price Waterhouse Coopers LLP

<u>Account Number</u>	<u>Account Description</u>	<u>Debit</u>	<u>Credit</u>
To record the transfer of the Metro East gas assets and liabilities to Account 102, Utility Plant Purchased or Sold:			
102	Utility Plant Purchased or Sold	X	
101	Gas Plant in Service		X
107	Construction Work-in-Progress		X
108	Accum Provision for Depreciation	X	
142	Accounts Receivable		X
144	Provision for Uncollectible Accounts	X	
151	Fuel Stock		X
154	Plant Materials and Operating Supplies		X
164	Gas Storage		X
173	Accrued Gas Revenues		X
182	Regulatory Asset FAS 109	X	
186	Environmental Adjustment Clause	X	
190	Accum Deferred Income Taxes		X
232	Accounts Payable – to Natural Gas Supplier	X	
232	Payroll Payable	X	
242	Accrued Vacation Liability	X	
253	Environmental Cleanup Deferred Credit	X	
255	Accum Deferred ITC	X	
282	Accum Deferred Income Taxes – Other Property	X	
145	Notes Receivable from Associated Company		X
216	Retained Earnings		X

To clear Account 102, Utility Plant Purchased or Sold, and charge Account 145, Note Receivable from Associated Companies and Account 216, Retained Earnings, for the assets and liabilities transferred.

216	Retained Earnings	X	
145	Notes Receivable from Associated Company	X	
102	Utility Plant Purchased or Sold		X


The total effect on notes payable and retained earnings is shown below.

145	Note Receivable from Associated Company	X	
216	Retained Earnings	X	

STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

CERTIFICATION

In accordance with Section 16-111(g) of the Public Utilities Act, I, Warner L. Baxter, chief accounting officer of Union Electric Company ("AmerenUE"), certify that the accounting entries related to the transfer of assets and liabilities from AmerenUE to AmerenCIPS, are in accordance with the guidelines for cost allocations specified in the Services Agreement as approved by the Illinois Commerce Commission in Docket No. 95-0551.


Warner L. Baxter

Subscribed and sworn to before me on this 25th day of September, 2000.

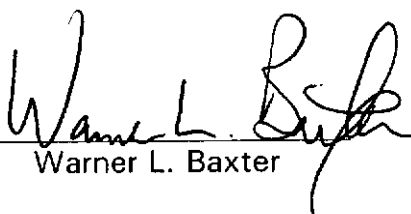

Notary Public

DEBBY ANZALONE
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: April 18, 2002

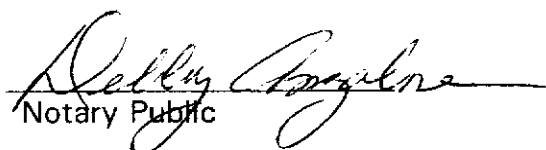
STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

CERTIFICATION

In accordance with Section 16-111(g) of the Public Utilities Act, I, Warner L. Baxter, chief accounting officer of Central Illinois Public Service Company ("AmerenCIPS"), certify that the accounting entries related to the transfer of assets and liabilities from AmerenUE to AmerenCIPS, are in accordance with the guidelines for cost allocations specified in the Services Agreement as approved by the Illinois Commerce Commission in Docket No. 95-0551.


Warner L. Baxter

Subscribed and sworn to before me on this 25th day of September, 2000.


Notary Public

DEBBY ANZALONE
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: April 18, 2002

APPENDIX F

AMERENCIPS PROJECTED
RATES OF RETURN ON COMMON EQUITY
WITH AND WITHOUT
THE PROPOSED TRANSFER

**THIS APPENDIX CONTAINS CONFIDENTIAL
INFORMATION**

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

DIRECT TESTIMONY
OF
CRAIG D. NELSON

Q. Please state your name and business address.

A. My name is Craig D. Nelson and my business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri.

Q. By whom are you employed and in what capacity?

A. I am Vice President - Corporate Planning of Ameren Services Company.

Q. Please describe Ameren Services Company.

A. Ameren Services is a subsidiary of Ameren Corporation which provides various administrative and technical support services for its parent and other subsidiaries including Union Electric Company doing business as AmerenUE ("AmerenUE") and Central Illinois Public Service Company doing business as AmerenCIPS ("AmerenCIPS"). Ameren Services was formed as a result of the December 1997 merger of Union Electric and CIPSCO Incorporated.

Q. Please provide your educational and employment history.

A. I earned a bachelor's degree in accounting in 1977, graduating with highest honors, and a master's in business administration in 1984. Both degrees were awarded by Southern Illinois University - Edwardsville, Ill. I am a Certified Public Accountant.

I worked for Arthur Andersen & Co. from 1977 to 1979 when I joined Central Illinois Public Service Company as a Tax Accountant. Later in 1979 I was promoted to Income Tax

26 Supervisor. I served in various tax and accounting positions until 1985 when I was appointed
27 Assistant Treasurer. In 1989, I became Treasurer and Assistant Secretary, a position I held for
28 seven years. In 1996, I was elected Vice President of Corporate Services. Effective
29 December 31, 1997, at the time of the merger, I was named Vice President, Merger
30 Coordination for Ameren Services. In 1998, I assumed the additional responsibility of Vice
31 President of Regulatory Planning. Effective June 1, 1999, I was appointed to my current
32 position - Vice President, Corporate Planning.

33 Q. Please describe your duties and responsibilities as Vice President - Corporate Planning.

34 A. My duties and responsibilities include strategic and business planning, business development,
35 corporate analysis, rate engineering and regulatory functions.

36 Q. What is the purpose of your testimony?

37 A. The purpose of my testimony is to explain how and why Ameren Corporation ("Ameren")
38 proposes to transfer the electric transmission and distribution and gas properties of AmerenUE
39 in the Metro East area in Illinois ("Metro East") to AmerenCIPS. This testimony will focus on
40 the proposed transfer of AmerenUE's Metro East electric business. A separate filing is being
41 made with this Commission with respect to the proposed transfer of AmerenUE's Metro East
42 gas business.

43 Q. Please describe Ameren.

44 A. Ameren is a registered holding company subject to regulation by the U. S. Securities and
45 Exchange Commission under the Public Utility Holding Company Act of 1935 ("PUHCA").
46 Ameren holds a number of subsidiary companies, including two utility operating company
47 subsidiaries: AmerenCIPS and AmerenUE, and a holding company subsidiary, Ameren Energy

Resources Company, which owns an Illinois nonregulated generating subsidiary, Ameren Energy Generating Company ("Genco") and a marketing company subsidiary, Ameren Energy Marketing Company ("AEMC"). The latter companies were formed in conjunction with AmerenCIPS' Commission-approved transfer of its generating assets to Genco on May 1, 2000.

Q. Please describe each of these companies in more detail.

A. AmerenCIPS. AmerenCIPS provides electric service to approximately 320,000 customers and gas service to approximately 170,000 customers, all in the State of Illinois. AmerenCIPS' entire source of supply of electric power and energy is obtained through a Power Supply Agreement ("PSA") with AEMC which was executed as a part of the generating asset transfer. AmerenUE. AmerenUE provides electric service to over 1 million customers and gas service to 130,000 customers in Missouri and Illinois. AmerenUE has approximately 62,000 electric and 18,000 gas customers in Illinois; its principal service area is in Missouri.

Genco and AmerenUE are parties to a Joint Dispatch Agreement ("JDA"), under which they jointly dispatch their combined generating resources to minimize system production costs. The JDA, which was approved by the Commission in the Ameren merger proceeding and as amended for the generating asset transfer, in that proceeding, sets forth detailed guidelines for assignment of energy costs associated with the generation and purchase of electric energy to satisfy AmerenCIPS' and AmerenUE's native load and other Genco load obligations, and for assigning costs and revenues associated with certain off-system sales. Additionally, AmerenCIPS is a party to the JDA because it governs the assignment of costs and revenues between AmerenCIPS and AmerenUE associated with third-party transmission transactions

70 under the Ameren Open Access Transmission Tariff ("OATT") on file with the Federal Energy
71 Regulatory Commission ("FERC").

72 **Ameren Energy Resources Company.** Ameren Energy Resources is a wholly-owned Illinois
73 subsidiary of Ameren that owns Genco and AEMC and other unregulated affiliated companies.

74 **Ameren Energy Generating Company.** Genco is an exempt wholesale generator that owns
75 and operates generating assets formerly owned by AmerenCIPS, as well as other generating
76 assets. Genco assumed all of AmerenCIPS' obligations under various fuel supply,

77 transportation, maintenance and employment agreements associated with the generating assets.

78 Genco supplies power and energy at wholesale to AEMC. Genco's principal source of supply
79 are the five fossil fuel generating stations that it owns: Newton, Coffeen, Meredosia, Grand
80 Tower and Hutsonville. These five stations have a total generating capacity of 2,860 MW.

81 Genco also has nine newly acquired generating units, with a combined capacity of 584
82 megawatts. These stations use natural gas as fuel and will be used to supply peaking power.

83 Genco plans to add additional generating capacity in future years. Additionally, AmerenCIPS is
84 a 20% owner of Electric Energy, Inc. ("EEInc."), which owns and operates a 1010 MW
85 generating station in Joppa, Illinois. AmerenCIPS has assigned to AEMC its energy entitlement
86 from the Joppa plant pursuant to an Electric Sales Agreement between AmerenCIPS and
87 AEMC.

88 Genco also provides wholesale electric service to most of the former wholesale
89 customers of AmerenCIPS

90 **Ameren Energy Marketing Company.** AEMC markets power and energy at wholesale as a
91 power marketer and at retail as an alternative retail electric supplier in Illinois. AEMC obtains